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#### BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268–0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL EXPRESS & PRIORITY MAIL
CONTRACT 92 (MC2019-127)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2019-136

### USPS NOTICE OF AMENDMENT TO PRIORITY MAIL EXPRESS & PRIORITY MAIL CONTRACT 92, FILED UNDER SEAL

(October 20, 2020)

The Postal Service hereby provides notice that the terms of Priority Mail Express & Priority Mail Contract 92, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Express & Priority Mail Contract 92 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective three business days following the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Sean C. Robinson

475 L'Enfant Plaza, SW Washington, D.C. 20260-1137 (202) 268-8405 Sean.C.Robinson@usps.gov October 20, 2020

## ATTACHMENT A REDACTED AMENDMENT TO PRIORITY MAIL EXPRESS & PRIORITY MAIL CONTRACT 92

# AMENDMENT #1 OF SHIPPING SERVICES CONTRACT BETWEEN THE UNITED STATES POSTAL SERVICE

AND

## REGARDING PRIORITY MAIL EXPRESS AND PRIORITY MAIL SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and ("Customer") entered into a Shipping Services Contract, Priority Mail Express and Priority Mail Contract 92/Docket No. CP2019-136 regarding Priority Mail Express and Priority Mail Service on March 25, 2019.

WHEREAS, the Parties desire to amend the terms in Sections I.B, I.C, I.E, I.F, I.G and IV of the Contract; replace Tables 1 and 2; add new Section I.I; and add new Tables A, B and C and new Tables 3 through 5 to the Contract.

NOW, THEREFORE, the Parties agree that the Contract is hereby amended as detailed below. The existing Contract remains unchanged in all other respects. This Amendment shall become effective three (3) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B, I.C, I.E, I.F, I.G and IV of the Contract; replace Tables 1 and 2; add new Section I.I; and add new Tables A, B and C and new Tables 3 through 5 to the Contract, as follows.]

#### I. Terms

- B. This Contract applies to Customer's inbound and outbound packages, excluding packages originating from and/or addressed to ZIP Codes contained in Table A below (collectively "Contract Packages"), as follows:
  - Priority Mail Express weight-based packages that do not exceed
     ; and
     Priority Mail weight-based packages that do not exceed

Customer expressly commits to not offer, sell, or allow the use of Contract Pricing provided in this Contract to any other entity or party (i.e. "reselling"). Customer shall not extend pricing to a third party under this Contract, including commercial published pricing for the products defined in Section I.B, or any prices below commercial published pricing. For the avoidance of doubt, a violation of this section will constitute a material breach of this Contract. This requirement may be waived in writing by the Postal Service, expressly for the limited purpose of Customer's dropshipping activities.

- C. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System ("eVS"), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. The Parties have mutually agreed to specific shipping locations from where Contract Packages must originate, along with the associated Customer Registration ID, Mailer ID and Payment Method information required for each shipping location provided that dropshipping, as may be approved by the Postal Service, may originate from other locations. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages, and Customer's other Priority Mail Express and Priority Mail packages ("Total Packages"), shipped from authorized permits and/or PC Postage accounts shall count toward the volume commitment expressed in Sections I.E and I.F below.
- E. Volume Commitment. For Customer to be eligible for Priority Mail Contract Package pricing, Customer must ship the minimum quarterly average of Total Packages per Contract Quarter. If the quarterly average of Total Packages shipped falls below the minimum volume set for Tier 1 pricing, shown in Table C, the Postal Service in its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus Prices for the subsequent Contract Quarter.
- F. Contract Prices. Customer shall receive pricing based on Customer's number of Total Packages, shipped per Contract Quarter, as follows:
  - 1. From the effective date of the Amendment, Customer shall pay prevailing Priority Mail Express Commercial Plus prices for its Priority Mail Express Packages, including Priority Mail Express Contract Packages, throughout the term of the Contract.
  - 2. From the effective date of the Amendment until the end of the first Contract Quarter, following the effective date of the Amendment, Customer shall pay Tier 3 prices for its Priority Mail Contract Packages, pursuant to Table 3 below.

- Subsequent tier pricing will be determined by the quarterly average of Total Packages shipped during the term of this Contract, beginning with the Contract Quarter starting April 1, 2020.
- 4. Customized pricing for this Contract will be based on a rolling four (4) quarter average. The average will be based on the number of Total Packages shipped divided by the number of full Contract Quarters achieved. At the conclusion of the first four (4) full Contract Quarters, pricing for subsequent quarters will be calculated by the number of Total Packages shipped in the previous four (4) Contract Quarters divided by four (4). The Postal Service will calculate the number of Total Packages and the number of applicable Contract Quarters to calculate and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of that Contract Quarter.
- 5. The Postal Service will monitor Customer's volume of Total Packages, and within fifteen (15) calendar days after the start of each Contract Quarter, will notify Customer of the applicable tier for that Contract Quarter based on Table C, with corresponding prices found in Tables 1 through 5 below. Tier price changes will be effective within fifteen (15) calendar days after the start of each Contract Quarter. Discounted prices will be calculated by the Postal Service and rounded up to the nearest whole cent.
- 6. If the volume in any Contract Quarter, throughout the term of this Contract, falls below the minimum quarterly average set for Tier 1 pricing, the Postal Service in its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus prices for the subsequent Contract Quarter.

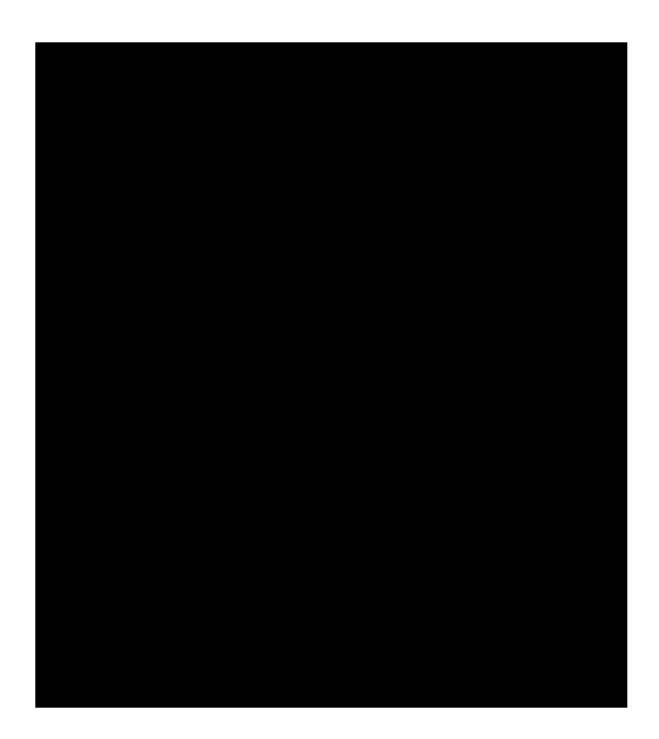
The Contract Quarters are defined below in Table B, as follows:

Table B

Period Name	Start of Period	End of Period
Quarter 1	April 1st	June 30 <sup>th</sup>
Quarter 2	July 1st	September 30 <sup>th</sup>
Quarter 3	October 1st	December 31st
Quarter 4	January 1st	March 31st









#### G. Annual Adjustment

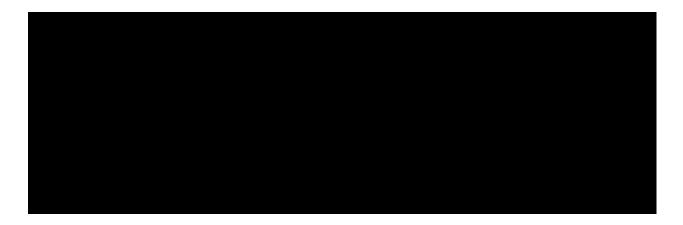
- For subsequent years of the Contract, beginning on the anniversary of the Contract's effective date, customized Priority Mail prices in Tables 1 through 5 under this Contract, will be the previous year's prices plus the most recent (as of the anniversary date) overall percentage increase in prices of general applicability for Priority Mail Commercial Plus, as calculated by the Postal Service.
- Customized prices for subsequent years will be calculated by the Postal Service and rounded up to the nearest whole cent. If the Postal Service maintains or decreases published prices of general applicability for Priority Mail Commercial Plus, there shall be no change to Priority Mail Contract Package pricing for that Contract Year.
- 3. As for Priority Mail Express Contract Packages, Customer shall pay prevailing Priority Mail Express Commercial Plus prices throughout the term of the Contract.
- I. Quarterly Business Reviews. The Parties shall, within fifteen (15) calendar days after the conclusion of each full Contract Quarter in each Contract Year, jointly conduct a business review of Customer's Contract Packages, the agreed-upon locations referred to in Section I.C, and other performance expectations under this Contract either in person, by telecom, or by webinar. If either Party is unable to conduct a business review within fifteen (15) calendar days after the conclusion of the above referenced Contract Quarters, it shall notify the other Party in writing (i.e. email or mail) of that fact and propose a date as soon as practicable thereafter. The Postal Service must notify Customer, within fifteen (15) calendar days after the start of each full Contract Quarter, of the applicable tiered discounts for any Contract Packages shipped during that Contract Quarter. The calculated rate for the new Contract Quarter will become effective within fifteen (15) calendar days from the start of the new Contract Quarter.

#### IV. Appeals

Customer may appeal a Postal Service decision regarding the calculation of prices, the amount of postage paid, or other implementation or operational issues under this Contract by submitting a written appeal via email, along with any and all supporting documentation, within thirty (30) calendar days of receipt of notification of the determination giving rise to the appeal to \_\_\_\_\_\_. The appeal is forwarded to the Pricing and Classification Service Center (PCSC). The PCSC manager issues the final agency decision. Any decision that is not appealed as prescribed becomes the final agency decision.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the later date below:

UNITE	D STATE Docusigned by: SED VICE
Signed	D STATE Docusigned by: GED VICE  Timothy Costello  by:  9AD5FB40E84B419
	Name: Timothy R. Costello
Title:	Vice President Sales
Date:	9/28/2020



## ATTACHMENT B SIGNED CERTIFICATION

### Certification of Prices for Amendment to Priority Mail Express & Priority Mail Contract 92

I, Nan K. McKenzie, Manager, Pricing Innovation, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail Express & Priority Mail Contract 92. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 19-1).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Nan K. McKenzie Digitally signed by Nan K. McKenzie DN: cn=Nan K. McKenzie, o, ou=Manager, Pricing Innovation, email=nan.k.mckenzie@usps.gov, c=US Date: 2020.10.19 16:20:16 -04'00'

Nan K. McKenzie